

Message Text

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ACTION EB-07

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NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

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TO SECSTATE WASHDC 7685

INFO AMEMBASSY MOSCOW

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SUBJ: SOVIET TRADE MISSION VISITS COLOMBIA

1. SUMMARY. A SOVIET TRADE MISSION HEADED BY VICE-MINISTER OF FOREIGN TRADE A.N. MANZHULO VISITED BOGOTA MARCH 11-17. THE MISSION MET WITH HIGH RANKING GOC OFFICIALS, INCLUDING PRESIDENT LOPEZ AND DEVELOPMENT MINISTER RAMIREZ OCAMPO, AND SIGNED A PROTOCOL EXTENDING CREDIT TO COLOMBIA FOR THE PURCHASE OF SOVIET EQUIPMENT. THE USSR WILL USE PROCEEDS FROM THESE SALES TO INCREASE PURCHASES FROM COLOMBIA. AGREEMENTS FOR TECHNICAL/SCIENTIFIC COOPERATION ARE ALSO PLANNED.

2. UNDER TERMS OF THE PROTOCOL (TO THE COLOMBIA-USSR AGREEMENT OF JUNE 3, 1968), THE USSR HAS EXTENDED A FOUR YEAR UNLIMITED LINE OF CREDIT TO THE GOC FOR PURCHASE OF SOVIET EQUIPMENT. REPAYMENTS WILL BE SPREAD OVER TEN YEARS AT 5 PERCENT INTERST, 4.5 PERCENT FOR GOC AGENCIES, WITH A ONE YEAR GRACE PERIOD AND PAYABLE IN A FREELY CONVERTIBLE CURRENCY. PAYMENTS WILL BE MADE AS FOLLOWS:

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A) THE CONTRACT FOR EACH PURCHASE WILL BE NEGOTIATED BETWEEN THE APPROPRIATE OFFICIALS , WITH THE COLOMBIAN PURCHASER TO PAY 5 PER CENT OF TOTAL COST WITHIN 45 DAYS OF THE DATE OF THE CONTRACT. EACH PRURCHASE WILL BE BACKED BY A BANK OR OTHER EXCHANGE GUARANTEE.

B) TEN PER CENT MORE WILL VE PAID AGAINST PRESENTATION OF SHIPPING DOCUMENTS, THROUGH A DIVISIBLE, IRREVOCABLE, CONFIRMED LETER OF CREDIT, OPENED THROUGH THE USSR FOREIGN TRADE BANK.

C) THE REMAINING 85 PER CENT OF THE COST WILL BE PAID IN EQUAL SUMS EVERY 6 MONTHS UP TO THEN YEARS FROM THE DATE OF CONTRACT WITH THESE PAYMENTS TO BEGIN ONE YEAR AFTER NOTIFICATION OF SHIPMENT. PAYMENTS WILL BE MADE TO THE APPROPRIATE SOVIET GOVERNMENT ACCOUNT IN THE USSR FOREIGN TRADE BANK.

3. THE USSR WILL USE THE PROCEEDS FROM THESE SALES TO PURCHASE COLOMBIAN PRODUCTS ON NORMAL COMMERCIAL TERMS, WITH APPROXIMATELY 30 PERCENT OF THE PURCHASE TO BE OF MANUFACTURED OR SEMIMANUFACTURED GOOD.

4. ALTHOUGH SPECIFIC PRODUCTS ARE NOT PART OF THE PROTOCOL, THE GOC EXPRESSED INTEREST IN PURCHASING RURAL ELECTROFICATION EQUIPMENT TELEPHONE EQUIPMENT, RAW MATERIALS FOR PHARMACEUTICAL, AGRICULTURAL EQUIPMENT, JEEP TYPE VEHICLES, TRANSPORT EQUIPMENT (SPECIALLY TROLLEY BUSSES) POWER TRANSFORMERS, OTHER GENERAL INDUSTRIAL AND ELECTRICAL EQUIPMENT AND PERHAPS WHEAT AND AIRCRAFT. REPORTEDLY, THE USSR OFFERED ALSO TO PROVIDE FINANCING AND TECHNICAL ASSISTANCE FOR SEVERAL HYDROELECTRIC PROJECTS AND FOR GOC PROJECTS TO DEVELOP PETROLEUM, NATURAL GAS AND WATER RESOURCES.

5. FOR ITS PART, THE USSR EXPRESSED INTEREST IN PURCHASING COLOMBIAN COFFEE, RICE, COTTON, BANANAS, TEXTILES, SHOES AND OTHER NON-TRADITIONAL EXPORTS. MOREOVER, A TEAM OF SOVIET VETERINARIANS WILL VISIT COLOMBIA SHORTLY TO EXAMINE MEAT PACKING FACILITIES, IN PREPARATION FOR POSSIBLE SOVIET BEEF PURCHASES.

6. THE FOLLOWING FOLLOW-UP ACTIONS ARE PLANNED:

A) THE GOC EMBASSY IN MOSCOW WILL PURSUE DISCUSSIONS FOR A SCIENTIFIC/
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TECHNICAL COOPERATION AGREEMENT.

B) THE FIRSTMEETING OF THE JOINT GOC-USSR TRADE COMMISSION WILL MEET IN MOSCOW IN DECEMBER 1975.

C) THE SOVIET TRADE MISSION HAS INVITED THEIR GOC COUNTERPARTS TO VISIT MOSCOW.

7. COMMENT--IN 1973 COLOMBIA-USSR TRADE EXCEEDED US\$19 MILLION; PRESS REPORTS PUT THE 1974 FIGURE AT US\$8.5 MILLION. AT LEAST 75 PERCENT OF THIS TRADE HAS CONSISTED OF COLOMBIAN EXPORTS TO THE USSR, CHIEFLY OF COFFEE. THE USSR HAS IN THE PAST SUPPLIED MANUFACTURED GOODS TO COLOMBIA, PRINCIPALLY TROLLEY BUSES AND JEEP TYPE VEHICLES, AND THERE WILL PROBABLY BE A CONTINUING, ALTHOUGH SPORADIC, MARKET FOR THIS TYPE OF PRODUCT. THE PROSPECTS FOR THE OTHER PRODUCTS MENTIONED IS ASSOCIATION WITH THE PROTOCOL ARE LESS CLEAR. SMALL POWER TRANSFORMERS, WHILE MANUFACTURED LOCALLY, ARE GOOD POSSIBILITY AND COULD BE USED IN THE GOC'S RURAL ELECTRIFICATION PROGRAM. THE SUPPLY OF POWER GENERATION EQUIPMENT IS LESS LIKELY AND, IN ANY EVENT, TENDERS FOR THE TWO PROJECTS MENTIONED MOST OFTEN (VOLVO AND HONDA) ARE A MINIMUM OF FIVE YEARS IN THE FUTURE.

8. WHETHER OR NOT THE PROTOCOL RESULTS IN A SUBSTANTIAL INCREASE IN TRADE, IT REPRESENTS ANOTHER CONSCIOUS EFFORT ON THE PART OF THE GOC TO EXPAND EXPORTS TO NON-TRADITIONAL MARKETS AND TO DIVERSIFY SOURCES OF IMPORTS. IT ALSO REINFORCES THE STATED INTENTION OF THE LOPEZ ADMINISTRATION TO BROADEN TRADE RELATIONS AND CONTACTS WITH THE SOCIALIST COUNTRIES.

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